

GOVERNMENT EMPLOYEES HEALTH ASSOCIATION

Work Papers for Accounting Statement
July 1, 1960 to January 1, 1961

Claims Reserve for Unreported and Continuing Disabilities

Claims run-out experience on previous contract

Claims paid 8-1-56 to 2-1-57	
and incurred during that same period	\$121,382.19
Claims incurred 8-1-56 to 2-1-57	210,798.19
Incurred as percentage of incurred	181.90%

Reserves are therefore 82% of paid claims for first six months of the contract.

Expense, Risk Charge and Underwriting

The underwriter's expense charges at this time have been produced through the application of over-all expense factors as used in the Association's retention formula. The initial projections of these charges were reviewed with the United States Civil Service Commission through Mr. Irving Kator. Based upon the actual enrollment and coverages, the charges developed by this formula for the period are less than the maximum amount agreed upon with the Commission.

7-1-60 to 1-1-61

Interim or Annual
 Accounting Statement
 Under Appendix B, Contract GNG 1799 CS-

FORMAT C

	High Option	Low Option	Total
	(use if applicable)		
1. Subscription Charges			
A. Subscription charges received	\$286,006.91	\$26,398.24	\$312,405.15
B. Subscription charges accrued:			
(1) Beginning of year, B(2) annual statement for prior year			
(2) End of period	<u>192,857.05</u>	<u>17,800.57</u>	<u>210,657.62</u>
C. Total subscription charges, A-B(1)+B(2)	<u>478,863.96</u>	<u>44,198.81</u>	<u>523,062.77</u>
2. Health Benefits Charges			
A. Health benefits paid:			
(1) Hospitalization charges	201,033.36	3,458.00	204,491.36
(2) Physicians' and related charges	86,091.73	1,707.49	87,799.22
B. Health benefits accrued:			
(1) Beginning of year, B(2) annual statement for prior year:			
(a) Hospitalization charges			
(b) Physicians' and related charges			
(2) End of period:			
(a) Hospitalization charges	164,847.36	2,835.56	167,682.92
(b) Physicians' and related charges	<u>70,595.22</u>	<u>1,400.14</u>	<u>71,995.36</u>
C. Total health benefits charges, [A(1)+(2)]-[B(1a)+(1b)]+[B(2a)+(2b)]	<u>522,567.67</u>	<u>9,401.19</u>	<u>531,968.86</u>
3. Expense and Risk Charges			
A. Actual accrued administrative charges:			
(1) Organization, if applicable	(0)	(0)	(0)
(2) Memo only: % of 1C			
(3) Underwriter	20,064.40	1,851.93	21,916.33
(4) Memo only: % of 1C 4.5 %	(21,548.88)	(1,988.95)	(23,537.83)
B. Actual accrued taxes, underwriter 2.2	10,535.01	972.37	11,507.38
C. Commissions, .47% of 1C, if applicable	2,250.66	207.73	2,458.39
D. Risk charge, 1.30% of 1C, underwriter	<u>6,225.23</u>	<u>574.58</u>	<u>6,799.81</u>
E. Total expense and risk charges, A(1)+A(3)+B+C+D	<u>39,075.30</u>	<u>3,606.61</u>	<u>42,681.91</u>
4. Gain (or Loss-) from Subscription Charges, 1C-2C-3E	<u>(82,779.01)</u>	<u>31,191.01</u>	<u>(51,588.00)</u>
5. Cumulative Gain (or Loss-)			
A. Gain (or loss-) from subscription charges, 4 above	(82,779.01)	31,191.01	(51,588.00)
B. Income on investments (current year)			
C. Gain (or loss-) beginning of year, 5E annual statement for prior year			
D. Due Health Benefits Fund, if [5A+5B+5C-1A for August, September, and October] is positive			
E. Cumulative gain (or loss-) end of period, A+B+C-D	a/ <u>(82,779.01)</u>	<u>31,191.01</u>	<u>(51,588.00)</u>
Memo Only: 1A for August, September, and October	()	()	()
Memo Only: 5A+5B+5C	()	()	()

a/ If positive, constitutes Special Reserve held by carrier to be used for charges under this contract only.